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SUBJECT: HEALTH MINISTER SAYS TAIWAN WORKING TO PREPARE FOR AVIAN INFLUENZA

REF: A) 2005 STATE 15149 B) 2005 TAIPEI 00058 C) 2004 TAIPEI 0249 D) 2003 TAIPEI 03339 E) 2004 TAIPEI 00479 F) TAIPEI 2626 G) TAIPEI 2731

1. Summary. In accordance with reftel A, AIT Director Paal delivered Undersecretary Dobriansky's avian influenza (AI) demarche to Taiwan Department of Health (DOH) Minister Hou Sheng-Mou on August 26. Paal thanked Taiwan for making AI a high priority and encouraged Taiwan to take even more preparatory efforts than it already has. Paal also took the opportunity to raise World Health Organization (WHO) collaboration and pharmaceutical issues. Regarding WHO, Hou said Taiwan will employ a strategy of "meaningful participation" by which it will try to attend and provide valuable input to as many WHO meetings as possible. On pharmaceutical issues, Paal urged Taiwan to revise policies under which health care providers are encouraged to squeeze pharmaceutical companies for cost savings. Hou promised DOH was doing all it could to find funds to support innovative pharmaceuticals and suggested regularizing a U.S./Taiwan dialogue on medical devices and other health issues. End Summary.

Avian Influenza

2. Paal delivered Undersecretary Dobriansky's AI demarche to Taiwan DOH Minister Hou Sheng-Mou on August 26. The points were modified slightly to recognize the high priority the Taiwan Government is already placing on the issue. Paal further acknowledged the significant efforts underway to address the potential of a flu pandemic-- including President Chen Shui-bian's recent National Security Council meeting on the issue (see reftels B-E for plans up to early 2005; septel will provide details on more recent efforts). Paal also welcomed Taiwan's continued excellent collaboration with the United States Centers for Disease Control (USCDC) built upon the very close cooperation established during the SARS crisis.

3. Hou responded by once again expressing Taiwan's deep appreciation of the help provided by the U.S. during the SARS crisis. Hou commended the continued close collaboration between Taiwan CDC and USCDC that has continued following the abatement of SARS. Hou also referred to his recent meeting with US Department of Health and Human Services Secretary Michael Leavitt. He noted that, at that meeting, it was agreed that the two sides would regularize bilateral health cooperation meetings. Hou hopes that the next bilateral meeting will be held before the end of 2005 in either Washington DC or Atlanta.

4. Hou said that AI would be one of the major topics of discussion (others would include medical devices and a discussion of all of the successes resulting from using a smart card for Taiwan's national health insurance program). Hou related how he had promised Leavitt that Taiwan would serve as the "USCDC's sentinel guard" for AI in Taiwan. Hou also reported how following President Chen's emphasis on making AI a priority issue, Hou has spent most of his time doing risk communication on AI to executive branch agencies, the legislature, mayors and commissioners.

5. Paal encouraged Taiwan to continue to work even harder to get the message out as several high-level government contacts recently told him that they had not drawn up any AI contingency plans for their ministries. Paal informed Hou how AIT has drawn up extensive AI contingency plans, including personnel evacuation plans and provisions for home isolation in the event evacuation from Taiwan would not be possible following an AI outbreak. Paal strongly encouraged Taiwan to require that all government institutions do the same type of contingency planning. Paal also urged that Taiwan encourage all of its citizens to have contingency

plans and provisions in the event they are isolated in their homes. Hou agreed that, while Taiwan has done emergency drills at hospitals and included AI in a recent disaster planning exercise in Taichung, more such contingency planning is needed.

16. Hou noted a suggestion by Paal that Taiwan move its poultry operations indoors in an effort to prevent infection crossing over from wild to domestic bird stocks. Hou also responded favorably to Paal's suggestion that Taiwan provide briefings to international missions on AI and encourage foreign missions to also prepare. Finally, Paal recommended that Hou try to arrange an interview on the subject on Taiwan's largest English-speaking radio station in order to try to educate the foreign community in Taiwan about the importance of AI contingency planning, and the efforts that Taiwan is taking to counter a potential pandemic.

WHO

17. Paal took the opportunity to raise World Health Organization (WHO) collaboration. Hou said that an interagency meeting had recently concluded that with regard to WHO, Taiwan will employ a strategy of "meaningful participation" by which it will try to attend and provide valuable input to as many WHO meetings as possible. He noted that thus far, Taiwan has been able to participate in four WHO meetings (two on traditional medicine in China, one on health promotion in Thailand and one on health promotion in Switzerland).

Pharmaceutical Issues

18. Turning to pharmaceutical issues, Paal noted U.S. concerns that proposed revisions to Taiwan's National Health Insurance Law would eliminate statutory requirements that hospitals and medical practitioners be reimbursed for medicine and equipment at actual transaction prices (ATP). Although this provision is currently not enforced, U.S. producers believe the proposed legalization of the current reference pricing system will increase the pace of mandatory price cuts by the Bureau of National Health Insurance (BNHI) and encourage Taiwan medical providers to continue demanding deep discounts for pharmaceuticals and medical equipment.

19. Hou responded that the proposed amendment of the NHI Law is part of DOH's plan for "second generation" NHI reform. BNHI is chronically short of funds and has instituted a "global budget" system that caps NHI payments to medical providers. Limiting expenditures through reference pricing may be one way for the cash-short bureau to increase the amount of money available to pay for new drugs, he said. Bureau of Pharmaceutical Affairs (BOPA) Director General Liao Chi-chou noted that the International Research Pharmaceutical Manufacturers Association (IRPMA) had recommended that BNHI enact rules that would allow patients to pay out-of-pocket the difference between the reimbursement price and the actual cost for some medicines as a means of reducing BNHI's costs. Hou added that revisions in the regulations to base premiums on household income vs. wages would increase the amount of funding available for new drugs.

110. Liao then raised DOH's hope that the U.S. would be willing to consider a regular meeting to discuss medical device related issues. He said that the U.S. and Taiwan had signed an Exchange of Letters in 1998 on medical devices and suggested that a regular meeting could take place under the framework created by the letters. Hou noted his hope that the next health bilateral would include discussions on Avian Influenza, medical device issues and NHI reforms. Taiwan has many valuable experiences, including the use of "SmartCard" technology, which it would be willing to share with U.S. counterparts. Hou acknowledged that medical device registration and licensing had not proceeded as smoothly as DOH had hoped as the initial deadline passed in June (reftels F and G), but he insisted that he would personally monitor the situation and assign all necessary personnel to ensure registration and licensing approvals were issued prior to the new December 2005 deadline.
PAAL